

CLAIMS

We claim:

- 1 1. A computer-implemented or assisted method for implementing a constant volatility
2 index, the index having an associated risk, said computer-implemented or assisted method
3 comprising the steps of:
 - 4 (1) establishing a target level of risk at which to maintain said index;
 - 5 (2) monitoring said level of risk associated with said index; and
 - 6 (3) rebalancing said index by reallocating index components when the risk associated with
7 said index deviates from said target level of risk, thereby at least substantially maintaining a
8 specified risk level.
- 1 2. The computer-implemented or assisted method of claim 1, further comprising
2 implementing a risk band to delimit a lower level of risk below said target level of risk and an
3 upper level of risk above said target level of risk of said index, and wherein said step of
4 rebalancing comprises rebalancing said index when the risk associated with said index rises
5 above said upper level of risk or drops below said lower level of risk, thereby at least
6 substantially maintaining the risk associated with said index between said lower and upper levels
7 of said risk band.
- 1 3. The computer-implemented or assisted method of claim 1, wherein said level of risk is
2 measured using RiskMetric Group's RiskGrade measure.

1 4. The computer-implemented or assisted method of claim 1, wherein said level of risk is
2 measured using at least one of standard deviation, variance, average shortfall, VAR, or any other
3 similar or analogous measures.

1 5. The computer-implemented or assisted method of claim 1, wherein said step of
2 rebalancing comprises reallocating assets from relatively high risk components of said index to
3 relatively low risk components of said index, if the risk associated with said index exceeds said
4 level of risk by a predetermined level.

1 6. The computer-implemented or assisted method of claim 1, wherein said step of
2 rebalancing comprises reallocating assets from relatively low risk components of said index to
3 relatively high risk components of said index, if the risk associated with said index drops below
4 said level of risk by a predetermined level.

1 7. The computer-implemented or assisted method of claim 1, wherein said index
2 components comprise at least one security and cash.

1 8. The computer-implemented or assisted method of claim 7, wherein said cash is shifted to
2 said at least one security to increase risk.

1 9. The computer-implemented or assisted method of claim 7, wherein said at least one
2 security is shifted to said cash to decrease risk.

1 10. A system for implementing a constant volatility index, the index having an associated
2 risk, said system comprising:

3 an input device for accepting a target level of risk at which to maintain said index;

4 a device for monitoring said level of risk associated with said index; and

5 a processor for rebalancing said index by reallocating index components when the risk
6 associated with said index deviates from said target level of risk, thereby at least substantially
7 maintaining a specified risk level.

1 11. The system of claim 10, wherein said processor implements a risk band to delimit a lower
2 level of risk below said target level of risk and an upper level of risk above said target level of
3 risk of said index, and wherein said processor rebalances said index when the risk associated
4 with said index rises above said upper level of risk or drops below said lower level of risk.

1 12. The system of claim 10, wherein said level of risk is measured using at least one of
2 RiskMetric Group's RiskGrade measure, standard deviation, variance, average shortfall, VAR,
3 or any other similar or analogous measures.

1 13. The system of claim 10, wherein said processor rebalances said index by reallocating
2 assets from relatively high risk components of said index to relatively low risk components of
3 said index when the risk associated with said index exceeds said level of risk by a predetermined
4 level.

1 14. The system of claim 10, wherein said processor rebalances said index by reallocating
2 assets from relatively low risk components of said index to relatively high risk components of
3 said index when the risk associated with said index drops below said level of risk by a
4 predetermined level.

1 15. The system of claim 10, wherein said index components comprise at least one security
2 and cash.

1 16. The system of claim 15, wherein said cash is shifted to said at least one security to
2 increase risk.

1 17. The system of claim 15, wherein said at least one security is shifted to said cash to
2 decrease risk.

1 18. A system for implementing a constant volatility index, the index having an associated
2 risk, said system comprising:

3 means for establishing a target level of risk at which to maintain said index;

4 means for monitoring said level of risk associated with said index; and

5 means for rebalancing said index by reallocating index components when the risk
6 associated with said index deviates from said target level of risk, thereby at least substantially
7 maintaining a specified risk level.

1 19. The system of claim 18, further comprising means for implementing a risk band to
2 delimit a lower level of risk below said target level of risk and an upper level of risk above said
3 target level of risk of said index, and wherein said means for rebalancing comprises means for
4 rebalancing said index when the risk associated with said index rises above said upper level of
5 risk or drops below said lower level of risk.

1 20. The system of claim 18, wherein said level of risk is measured using at least one of
2 RiskMetric Group's RiskGrade measure, standard deviation, variance, average shortfall, VAR,
3 or any other similar or analogous measures.

1 21. The system of claim 18, wherein said means for rebalancing comprises means for
2 reallocating assets from relatively high risk components of said index to relatively low risk
3 components of said index when the risk associated with said index exceeds said level of risk by a
4 predetermined level.

1 22. The system of claim 18, wherein said means for rebalancing comprises means for
2 reallocating assets from relatively low risk components of said index to relatively high risk
3 components of said index when the risk associated with said index drops below said level of risk
4 by a predetermined level.

1 23. The system of claim 18, wherein said index components comprise at least one security
2 and cash.

1 24. The system of claim 23, wherein said cash is shifted to said at least one security to
2 increase risk.

1 25. The system of claim 23, wherein said at least one security is shifted to said cash to
2 decrease risk.

1 26. A computer readable medium for implementing a constant volatility index, the index
2 having an associated risk, said computer readable medium comprising:
3 computer readable instructions for establishing a target level of risk at which to maintain
4 said index;

5 computer readable instructions for monitoring said level of risk associated with said
6 index; and

7 computer readable instructions for rebalancing said index by reallocating index
8 components when the risk associated with said index deviates from said target level of risk,
9 thereby at least substantially maintaining a specified risk level.

1 27. The computer readable medium of claim 26, further comprising computer readable
2 instructions for implementing a risk band to delimit a lower level of risk below said target level
3 of risk and an upper level of risk above said target level of risk of said index, and wherein said
4 computer readable instructions for rebalancing comprises computer readable instructions for
5 rebalancing said index when the risk associated with said index rises above said upper level of
6 risk or drops below said lower level of risk.

1 28. The computer readable medium of claim 26, wherein said level of risk is measured using
2 at least one of RiskMetric Group's RiskGrade measure, standard deviation, variance, average
3 shortfall, VAR, or any other similar or analogous measures.

1 29. The computer readable medium of claim 26, wherein said computer readable instructions
2 for rebalancing comprises computer readable instructions for reallocating assets from relatively
3 high risk components of said index to relatively low risk components of said index when the risk
4 associated with said index exceeds said level of risk by a predetermined level.

1 30. The computer readable medium of claim 26, wherein said computer readable instructions
2 for rebalancing comprises computer readable instructions for reallocating assets from relatively
3 low risk components of said index to relatively high risk components of said index when the risk
4 associated with said index drops below said level of risk by a predetermined level.

1 31. The computer readable medium of claim 26, wherein said index components comprise at
2 least one security and cash.

1 32. The computer readable medium of claim 31, wherein said cash is shifted to said at least
2 one security to increase risk.

1 33. The computer readable medium of claim 31, wherein said at least one security is shifted
2 to said cash to decrease risk.

1 34. A computer-implemented or assisted method for implementing a constant volatility
2 index, said computer-implemented or assisted method comprising the steps of:

3 (1) identifying a target level of risk at which to maintain said index;

4 (2) allocating components in said index in a manner such that a risk associated with said
5 index attains said target level of risk;

6 (3) setting an acceptable range of risk associated with said target risk

7 (4) monitoring said level of risk associated with said index; and

8 (5) rebalancing said index by reallocating said components when the risk associated with
9 said index deviates from said acceptable range of risk, thereby at least substantially maintaining
10 a specified risk level.

1 35. The computer-implemented or assisted method of claim 34, wherein said level of risk is
2 measured using at least one of RiskMetric Group's RiskGrade measure, standard deviation,
3 variance, average shortfall, VAR, or any other similar or analogous measures.

1 36. The computer-implemented or assisted method of claim 34, wherein said step of
2 rebalancing comprises reallocating assets from relatively high risk components of said index to
3 relatively low risk components of said index, if the risk associated with said index exceeds said
4 level of risk by a predetermined level.

1 37. The computer-implemented or assisted method of claim 34, wherein said step of
2 rebalancing comprises reallocating assets from relatively low risk components of said index to
3 relatively high risk components of said index, if the risk associated with said index drops below
4 said level of risk by a predetermined level.

1 38. The computer-implemented or assisted method of claim 34, wherein said index
2 components comprise at least one security and cash.

1 39. The computer-implemented or assisted method of claim 38, wherein said cash is shifted
2 to said at least one security to increase risk.

1 40. The computer-implemented or assisted method of claim 38, wherein said at least one
2 security is shifted to said cash to decrease risk.